

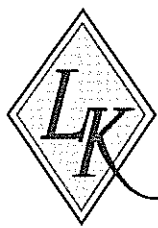
IMLAY CITY COMMUNITY SCHOOLS

IMLAY CITY, MICHIGAN

AUDIT REPORT  
FOR THE YEAR ENDED JUNE 30, 2007

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*Lewis & Knopf, CPAs, P.C.*

Serving You with Trust and Integrity

October 12, 2007

## INDEPENDENT AUDITOR'S REPORT

To the Board of Education of  
Imlay City Community Schools

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Imlay City Community Schools, as of and for the year ended June 30, 2007, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Imlay City Community Schools' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Imlay City Community Schools as of June 30, 2007, and the respective changes in financial position, thereof and the respective budgetary comparison for the General Fund and 2003 Debt Retirement Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report under separate cover dated October 12, 2007 on our consideration of the Imlay City Community Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis information on pages II - IX, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Imlay City Community Schools' basic financial statements. The additional information on pages 20 - 37 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The additional information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

LEWIS & KNOFF, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

IMLAY CITY COMMUNITY SCHOOLS – IMLAY CITY, MICHIGAN  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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The Administration’s Discussion and Analysis, a requirement of GASB 34, is intended to be the Imlay City Community Schools’ Administration’s discussion and analysis of the financial results for the fiscal year ended June 30, 2007.

Generally accepted accounting principles (GAAP) according to GASB 34 requires the reporting of two types of financial statements: District Wide Financial Statements and Fund Financial Statements.

**Fund Financial Statements:**

The School District’s fund financial statements provide detailed information about the most significant funds – not the School District as a whole. Some funds are required to be established by State law and by bond covenants. However, the School District establishes many other funds to help it control and manage money for particular purposes (the Food Service and Athletics Funds are examples) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (such as bond-funded construction funds used for voter-approved capital projects). The governmental funds of the School District use the following accounting approach:

Governmental funds – All of the School District’s services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year end are available for spending. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the School District and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District’s programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds in a reconciliation.

In the fund financial statements, purchased capital assets are reported as expenditures in the year of acquisition. No asset is reported. The issuance of debt is recorded as a financial resource. The current year’s payments of principal and interest on long-term obligations are recorded as expenditures. Future year’s debt obligations are not recorded.

**District Wide Financial Statements:**

The District wide financial statements are full accrual basis statements. They report all of the District’s assets and liabilities, both short and long-term, regardless if they are “currently available” or not. For example, assets that are restricted for use in the Debt Funds solely for the payment of long-term principal or interest are grouped with unrestricted assets of the General Fund. Capital assets and obligations of the District are reported in the Statement of Net Assets of the District wide financial statements.

One of the most important questions asked about the School District is, “As a whole, what is the School District’s financial condition as a result of the year’s activities?” The statement of net assets and the statement of activities, which appear first in the School District’s financial statements, report information on the School District as a whole and its activities in a way that helps you answer this question. We prepare these statements to include all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year’s revenues and expenses are taken into account regardless of when cash is received or paid.

IMLAY CITY COMMUNITY SCHOOLS – IMLAY CITY, MICHIGAN  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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**District Wide Financial Statements:** (Continued)

These two statements report the Imlay City Community Schools net assets – the difference between assets and liabilities, as reported in the statement of net assets – as one way to measure the School District’s financial health or financial position. Over time, increases or decreases in the School District’s net assets – as reported in the statement of activities – are indicators of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the School District’s operating results. However, the School District’s goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other nonfinancial factors, such as the quality of the education provided and the safety of the schools, to assess the overall health of the School District.

The statement of net assets and the statement of activities report the governmental activities for the School District, which encompasses all of the School District’s services, including instruction, support services, community services, athletics, and food services. Property taxes, unrestricted State aid (foundation allowance revenue), and State and federal grants finance most of these activities.

**The School District as Trustee – Reporting the School District’s Fiduciary Responsibilities**

The School District is the trustee, or fiduciary, for its student activity funds. All of the School District’s fiduciary activities are reported in a separate statement of fiduciary net assets. We exclude these activities from the School District’s other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

**SUMMARY OF NET ASSETS:**

The following summarizes the net assets at the fiscal years ended June 30, 2007 and 2006:

	<u>NET ASSETS SUMMARY</u>	
	<u>2007</u>	<u>2006</u>
<u>ASSETS</u>		
Current Assets	\$9,853,154	\$6,181,867
Non-Current Assets	<u>29,741,678</u>	<u>30,614,070</u>
<u>TOTAL ASSETS</u>	<u>\$39,594,832</u>	<u>\$36,795,937</u>
<u>LIABILITIES</u>		
Current Liabilities	\$6,415,987	\$3,431,005
Long-Term Liabilities	<u>29,907,084</u>	<u>30,803,340</u>
Total Liabilities	\$36,323,071	\$34,234,345
<u>NET ASSETS</u>		
Invested in Capital Assets - Net of Related Debt	(871,243)	(824,412)
Restricted - Debt Retirement	1,081,427	1,087,765
Restricted - Capital Projects	0	23,171
Unrestricted	<u>3,061,577</u>	<u>2,275,068</u>
Total Net Assets	<u>\$3,271,761</u>	<u>\$2,561,592</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$39,594,832</u>	<u>\$36,795,937</u>

IMLAY CITY COMMUNITY SCHOOLS – IMLAY CITY, MICHIGAN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

**RESULTS OF OPERATIONS:**

For the fiscal years ended June 30, 2007 and 2006 the District wide results of operations were:

	<u>2007</u>	<u>2006</u>
<b><u>REVENUES</u></b>		
<u>General Revenues:</u>		
Property Taxes Levied for General Operations	\$2,205,657	\$1,989,205
Property Taxes Levied for Debt Service	2,258,087	2,130,558
State of Michigan Unrestricted Foundation Aid	14,542,069	13,826,780
Other General Revenues	581,750	293,788
Total General Revenues	<u>\$19,587,563</u>	<u>\$18,240,331</u>
<u>Operating Grants:</u>		
Federal	1,278,182	1,307,777
State of Michigan	1,242,463	1,183,109
Other Grants	79,484	93,725
Total Operating Grants	<u>\$2,600,129</u>	<u>\$2,584,611</u>
<u>Charges for Services:</u>		
Food Service	334,258	341,171
Athletics	87,609	53,978
Special Education Consortium	155,316	132,394
Other Charges for Services	125,376	104,116
Total Charges for Services	<u>\$702,559</u>	<u>\$631,659</u>
Total Revenues	<u>\$22,890,251</u>	<u>\$21,456,601</u>
<b><u>EXPENSES</u></b>		
Instruction & Instructional Support	10,787,364	10,813,411
Support Services	7,498,986	7,484,466
Community Services	45,821	47,923
Food Service	884,697	793,807
Athletics	595,173	525,389
Interest on Long-Term Debt	1,461,854	1,432,328
Issuance Costs	162,282	221,805
Depreciation	743,905	550,065
Total Expenses	<u>\$22,180,082</u>	<u>\$21,869,194</u>
<b><u>(DECREASE) IN NET ASSETS</u></b>	<u>\$710,169</u>	<u>(\$412,593)</u>
<b><u>BEGINNING NET ASSETS</u></b>	<u>2,561,592</u>	<u>2,974,185</u>
<b><u>ENDING NET ASSETS</u></b>	<u><u>\$3,271,761</u></u>	<u><u>\$2,561,592</u></u>

IMLAY CITY COMMUNITY SCHOOLS – IMLAY CITY, MICHIGAN  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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**GOVERNMENT- WIDE FINANCIAL ANALYSIS**

Analysis of Financial Position:

During the year ended June 30, 2007, the District’s total net assets increased by \$710,169 to a total of \$3,271,761. The largest portion of the net assets are the District’s investment in capital assets. Net assets (invested in capital assets, net of related debt) decreased by \$46,831 during the year due to depreciation exceeding purchases of new capital assets and principal payments on related debt. The Districts unrestricted net assets increased by \$786,509 during the year and the restricted portion of the net assets decreased by \$29,509. The restricted net assets consists of the restricted debt retirement funds that may only be used to pay bonded debt and restricted capital projects funds that may only be used to fund capital projects. The unrestricted net assets may be used to fund the educational services provided to students.

Analysis of Results of Operations

The District’s overall revenues exceeded its expenses for the year by \$710,978. The total revenues increased by \$1,433,650. The major changes were the increase in property tax revenues and state aid. Expenses increased by \$310,888. Major increases were due to increased depreciation of \$223,000, increased food service expenditures of \$90,000 for indirect costs and kitchen repairs and an increase in insurance costs of \$444,000. These increases were offset by decreases in salaries and employer retirement and FICA of \$160,000 and a budget freeze in the fall of the year saved \$682,000 in supplies, materials, repairs, capital outlay and non emergency services.

**FINANCIAL ANALYSIS OF GOVERNMENT’S FUNDS – GOVERNMENTAL FUNDS**

Analysis of Financial Position

The focus of the District’s governmental funds is to provide information on near term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District’s financing requirements. In particular, unreserved fund balance may serve as a useful measure of a governments net resources available for spending at the end of the fiscal year. An analysis of changes for the governmental funds is as follows:

General Fund

The District’s general fund is the chief operating fund of the district. Unreserved fund balance for the general fund increased by \$689,661 during the year with the increase coming primarily from an increase in cash. Revenues and other financing sources for the year increased by \$1,335,961 primarily from the increases in property taxes and state aid. Expenses and other financing uses decreased by \$438,516 primarily due to the savings from the budget freeze. The major source of general fund revenues is state aid and taxes. An analysis of them is as follows:

1. State of Michigan Unrestricted Aid (Net State Foundation Grant)

The State of Michigan aid, unrestricted, is determined with the following variables:

- a. State of Michigan State Aid Act per student foundation allowance
- b. Student Enrollment - Blended at 75 percent of current year’s fall count and 25 percent of prior year’s winter count
- c. The District’s non-homestead tax levy

2. Per Student Foundation Allowance:

Annually, the State of Michigan establishes the per student foundation allowance. The Imlay City Community Schools foundation allowance was \$7,085 per student for the 2006-2007 school year.

IMLAY CITY COMMUNITY SCHOOLS – IMLAY CITY, MICHIGAN  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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**FINANCIAL ANALYSIS OF GOVERNMENT’S FUNDS – GOVERNMENTAL FUNDS (Continued)**

Analysis of Financial Position (Continued)

General Fund (Continued)

3. Student Enrollment:

The District’s blended student enrollment for the fall count of 2006-2007 was 2,392 students. An increase of 43 students from the prior year.

4. Property Taxes Levied For General Operations (General Fund Non-Homestead Taxes)

The District levies 18 mills of property taxes for operations (General Fund) on Non-Homestead Properties. Under Michigan law, the taxable levy is based on the taxable valuation of properties. Annually, the taxable valuation increase in property values is capped at the rate of the prior year’s CPI increase or 5 percent, whichever is less. At the time of sale, a property’s taxable valuation is readjusted to the State Equalized Value, which is, theoretically, 50 percent of the market value.

The District’s non-homestead property tax revenue for the 2006-2007 fiscal year was \$2,197,592. An increase of \$215,664 from the prior year.

2003 Debt Retirement Fund

The District’s debt retirement fund balance decreased by \$6,338. The fund balance is restricted to use for payments on bonded debt. The fund had expenditures of \$481,329 and transfers of \$1,838,261 to other debt funds in paying the required interest and principal payments of the school’s bonded debt. The majority of the fund’s revenue is derived from tax collections. An analysis of them is as follows:

1. Debt Fund Property and Industrial Facility In Lieu of Taxes

The District’s debt fund levy, which is used to pay the principal and interest on bond obligations, is based on the taxable valuation of all properties: homestead and non-homestead. In addition, the District collects IFT (Industrial Facilities Taxes) In Lieu of Taxes that are essentially taxed at 50 percent of the regular tax rate.

For 2006-2007, the District’s debt millage levy was 5.75 mills that generated revenue of \$2,286,253. An increase of \$200,691 from the prior year.

**MAJOR FUND BUDGETARY HIGHLIGHTS:**

**GENERAL FUND BUDGET VS. ACTUAL**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Original &amp; Final Budget %</u>	<u>Variance Actual &amp; Final Budget %</u>
Revenue	\$18,572,827	\$19,400,094	\$19,537,472	4.45	0.71
Expenditures	19,819,417	19,638,257	18,847,811	0.91	4.03
<u><b>TOTAL</b></u>	<u>(\$1,246,590)</u>	<u>(\$238,163)</u>	<u>\$689,661</u>		



IMLAY CITY COMMUNITY SCHOOLS – IMLAY CITY, MICHIGAN  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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**ANALYSIS OF BUDGETS:**

The Uniform Budget Act of the State of Michigan requires that the local Board of Education approve the original budget for the upcoming fiscal year prior to July 1, the start of the fiscal year.

As a matter of practice, Imlay City Community Schools amends its budget during the school year. The June, 2007 budget amendment was the final budget for the fiscal year. Significant items affecting the budgets for the fiscal year were:

**General Fund:**

- Original vs. Final Budgets
  - Revenues – Significant items affecting original vs. final revenue estimates include \$827,267 in increases in the following areas: State of Michigan aid and taxes of \$266,600, At Risk grant of \$49,000, Math Science categorical of \$29,600, Federal funding increases totaled \$30,700, payments from other districts of \$51,000, an insurance pool refund from the previous year of \$150,000, interest earnings of \$125,000, fees collected of \$25,600, and other increases of misc. revenue of \$38,000.
  - Expenditures – The final expenditure budgets decreased \$181,160 from the original budget. The major area of decrease was in the area of salaries and benefits. Salary and benefits decreased \$274,000 from the original budget.
- Final Budget vs. Actual Results
  - Revenues – Actual revenues were \$137,378 more than budgeted for. State aid increased \$32,000 over budgeted amounts from prior year adjustments coming with the August state aid payment. Tuition and fee revenues came in \$27,750 more than budgeted for. Final general fund revenues also included \$70,000 in indirect cost recovery from the Lunch Fund that were unbudgeted for.
  - Expenditures – Actual expenditures were \$790,446 less than budgeted. The budget was frozen in the fall of 2006 due to uncertainty in promised state revenues. This freeze yielded \$592,000 in savings in the areas of supplies, materials, repairs, capital outlay and non emergency services. An additional \$102,000 was saved in the areas of salaries and benefits from budget projections.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

A. Debt, Principal Payments

The District made principal payments on bonded, long-term debt obligations that reduced the amount of the District’s long-term liabilities as follows:

	Principal Balance 7-01-06	Increases (Decreases) 6-30-07	Principal Payments 6-30-07	Principal Balance 6-30-07
Bonds Payable	\$29,877,103	\$5,835,000	\$6,535,000	\$29,177,103
Notes Payable	594,000	537,537	594,000	537,537
Unamortized Premium	967,379	0	69,098	898,281
Compensated Absences	451,450	15,113	0	466,563
<u>Total Long-Term Debt</u>	<u>\$31,889,932</u>	<u>\$6,387,650</u>	<u>\$7,198,098</u>	<u>\$31,079,484</u>

IMLAY CITY COMMUNITY SCHOOLS – IMLAY CITY, MICHIGAN  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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**CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)**

A. Debt, Principal Payments (Continued)

On March 9, 2007, Imlay City Community Schools issued \$5,835,000 in General Obligation – Unlimited Tax Bonds with an average interest rates ranging from of 4% to 5%. The District issued the bonds to advance refund \$5,600,000 of the outstanding 1993 Bond Issue with an interest rate of 2% to 5%. The net proceeds were deposited with an escrow agent and used to purchase U.S. Government Securities. These securities will provide for all of the future debt service on the 2003 Bonds. As a result the 2003 Bond Issues are considered defeased and the District has removed the liability from its accounts. The balance of the bonds at June 30, 2007 was \$5,835,000.

During the year the District refinanced the note payable for the purchase of vacant land.

B. Capital Assets

The District’s net investment in capital assets decreased by \$826,392 during the fiscal year. This can be summarized as follows:

	Balance 7-1-06	Additions	Deductions	Balance 6-30-07
Capital Assets	\$41,911,296	\$134,856	\$88,500	\$41,957,652
Less: Accumulated Depreciation	(11,297,226)	(984,248)	(65,500)	(12,215,974)
<u>Net Investment Capital Assets</u>	<u>\$30,614,070</u>	<u>(\$849,392)</u>	<u>\$23,000</u>	<u>\$29,741,678</u>

Significant additions were the construction of the tennis courts purchase of bleachers and a bus.

**ECONOMIC FACTORS AND NEXT YEAR’S BUDGET**

\* Foundation Allowance

The Board of Education and Administration agreed to an estimate of a foundation allowance of \$7,035 per pupil for the 07-08 fiscal year based on information received from various educational organizations such as Michigan Association of School Business Officials, Michigan Association of School Administrators, and the Michigan Association of School Boards as well as discussions with local state representatives. The district budgeted for the same number of students in the fall 2007 as were attending the district in the fall 2006. This non blended estimate was 2,420 students on count day. As of the date of presentation of this audit report, the September count is estimated to be down about 51 students from the fall 2006 count. This would mean approximately \$359,000 in decreased revenues for the 2007-2008 year.

State aid amounts for 2007-2008 are still undetermined as of the presentation of this report. The state legislature has finalized revenue increases in the form of an income tax increase and a new tax on services. An increase in the foundation amount is assumed to be in the 1% range. Imlay City Community Schools will need to closely monitor all expenditures for the 2007-2008 year as the State of Michigan’s economic turnaround is still uncertain.

\* The Imlay City Community Schools 2007/2008 adopted budget is as follows:

<u>REVENUE (Includes Estimated Fund Balance)</u>	\$21,552,258
<u>EXPENDITURES</u>	<u>19,581,172</u>
<u>NET OVER BUDGET</u>	<u>\$1,971,086</u>

IMLAY CITY COMMUNITY SCHOOLS – IMLAY CITY, MICHIGAN  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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**CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens and taxpayers with a general overview of the District’s finances. If you have questions about this report or need additional information, contact the Business Office, Imlay City Community Schools.

IMLAY CITY COMMUNITY SCHOOLS - IMLAY CITY, MICHIGAN  
STATEMENT OF NET ASSETS  
AS OF JUNE 30, 2007

	<u>Governmental Activities</u>
<u>ASSETS</u>	
<u>CURRENT ASSETS</u>	
Cash and Cash Equivalents	\$1,699,740
Investments	5,097,984
Taxes Receivable	2,933
Accounts Receivable	11,786
Due from Other Governmental Units	2,868,044
Inventory	9,385
Prepaid Expenses	163,282
Total Current Assets	<u>\$9,853,154</u>
<u>NON-CURRENT ASSETS</u>	
Capital Assets	41,957,652
Less: Accumulated Depreciation	<u>(12,215,974)</u>
Total Noncurrent Assets	<u>\$29,741,678</u>
<u>TOTAL ASSETS</u>	<u>\$39,594,832</u>
<u>LIABILITIES</u>	
<u>CURRENT LIABILITIES</u>	
Accounts Payable	\$162,758
State Aid Note Payable	3,200,000
Due to Other Governmental Units	73,591
Salaries Payable	1,135,912
Accrued Expenses	616,765
Deferred Revenue	54,561
Current Portion of Long-Term Obligations	<u>1,172,400</u>
Total Current Liabilities	<u>\$6,415,987</u>
<u>NON-CURRENT LIABILITIES</u>	
Noncurrent Portion of Long-Term Obligations	<u>29,907,084</u>
<u>TOTAL LIABILITIES</u>	<u>\$36,323,071</u>
<u>NET ASSETS</u>	
<u>NET ASSETS</u>	
Invested in Capital Assets, Net of Related Debt (Deficit)	(871,243)
Restricted for:	
Debt Retirement	1,081,427
Unrestricted	<u>3,061,577</u>
Total Net Assets	<u>\$3,271,761</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$39,594,832</u>

See accompanying notes to the basic financial statements.

IMLAY CITY COMMUNITY SCHOOLS - IMLAY CITY, MICHIGAN  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2007

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		Net (Expense) Revenue & Change in Net Assets
		Charges For Services	Operating Grants and Contributions	
Governmental Activities:				
Instruction	\$10,787,364	\$0	\$1,955,599	(\$8,831,765)
Support Services	7,498,986	280,692	79,484	(7,138,810)
Community Services	45,821	0	0	(45,821)
Food Service	884,697	334,258	565,046	14,607
Athletics	595,173	87,609	0	(507,564)
Interest - Long-Term Obligations	1,461,854	0	0	(1,461,854)
Issuance Costs	162,282	0	0	(162,282)
Depreciation - Unallocated	743,905	0	0	(743,905)
<b><u>TOTALS</u></b>	<b><u>\$22,180,082</u></b>	<b><u>\$702,559</u></b>	<b><u>\$2,600,129</u></b>	<b><u>(\$18,877,394)</u></b>
General Revenues:				
Taxes:				
Property Taxes, Levied for General Purposes				4,463,744
State Aid				14,542,069
Investment Earnings				244,679
Miscellaneous				337,071
Total General Revenues and Transfers				<u>\$19,587,563</u>
Change in Net Assets				\$710,169
Net Assets - Beginning				<u>2,561,592</u>
<b><u>Net Assets - Ending</u></b>				<b><u>\$3,271,761</u></b>

See accompanying notes to the basic financial statements.

IMLAY CITY COMMUNITY SCHOOLS - IMLAY CITY, MICHIGAN  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AS OF JUNE 30, 2007

	General Fund	2003 Debt Retirement Fund	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>				
Cash and Cash Equivalents	\$143,646	\$1,112,298	\$443,796	\$1,699,740
Investments	5,097,984	0	0	5,097,984
Taxes Receivable	2,134	799	0	2,933
Accounts Receivable	7,804	0	3,982	11,786
Due from Other Governmental Units	2,861,467	0	6,577	2,868,044
Due from Other Funds	24,104	0	162,683	186,787
Inventory	0	0	9,385	9,385
Prepaid Expenses	163,282	0	0	163,282
<u>TOTAL ASSETS</u>	<u>\$8,300,421</u>	<u>\$1,113,097</u>	<u>\$626,423</u>	<u>\$10,039,941</u>
<u>LIABILITIES</u>				
Accounts Payable	\$133,114	\$0	\$29,644	\$162,758
State Aid Note Payable	3,200,000	0	0	3,200,000
Due to Other Governmental Units	41,730	31,670	191	73,591
Due to Other Funds	0	0	186,787	186,787
Salaries Payable	1,126,336	0	9,576	1,135,912
Accrued Expenses	399,602	0	2,121	401,723
Deferred Revenue	470	0	54,091	54,561
Total Liabilities	\$4,901,252	\$31,670	\$282,410	\$5,215,332
<u>FUND BALANCES</u>				
Reserved For:				
Inventory	0	0	9,385	9,385
Debt Retirement	0	1,081,427	0	1,081,427
Unreserved:				
Undesignated, Reported In:				
General Fund	3,399,169	0	0	3,399,169
School Service Funds	0	0	334,628	334,628
Total Fund Balances	<u>\$3,399,169</u>	<u>\$1,081,427</u>	<u>\$344,013</u>	<u>\$4,824,609</u>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$8,300,421</u>	<u>\$1,113,097</u>	<u>\$626,423</u>	<u>\$10,039,941</u>

See accompanying notes to the basic financial statements.

IMLAY CITY COMMUNITY SCHOOLS - IMLAY CITY, MICHIGAN  
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
AS OF JUNE 30, 2007

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Total Governmental Fund Balances:	\$4,824,609
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Amounts reported for governmental activities in the statement of  
net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$41,957,652 and the accumulated depreciation is \$12,215,974	29,741,678
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Accrued Interest on Long-Term Debt	(215,042)
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Long-term liabilities, including bonds payable, are not due and  
payable in the current period and therefore are not reported a  
liabilities in the funds. Long-term liabilities at year end consist of:

Bonds Payable	\$29,177,103	
Notes Payable	537,537	
Unamortized Premium	898,281	
Compensated Absences Payable	466,563	
Total Long-Term Liabilities	<u>                    </u>	(31,079,484)

<u>TOTAL NET ASSETS -</u> <u>GOVERNMENTAL ACTIVITIES</u>	<u><u>\$3,271,761</u></u>
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IMLAY CITY COMMUNITY SCHOOLS - IMLAY CITY, MICHIGAN  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2007

	General Fund	2003 Debt Retirement Fund	Other Governmental Funds	Total Governmental Funds
<u>REVENUES</u>				
Local Sources	\$2,641,477	\$2,313,252	\$474,481	\$5,429,210
State Sources	15,735,214	0	49,318	15,784,532
Federal Sources	762,454	0	515,728	1,278,182
Total Revenues	<u>\$19,139,145</u>	<u>\$2,313,252</u>	<u>\$1,039,527</u>	<u>\$22,491,924</u>
<u>EXPENDITURES</u>				
Current:				
Instruction	10,714,630	0	0	10,714,630
Student Services	965,959	0	0	965,959
Instructional Support	725,038	0	0	725,038
General Administration	425,322	0	0	425,322
School Administration	1,454,110	0	0	1,454,110
Business Administration	191,127	0	0	191,127
Operation & Maintenance of Plant	1,982,304	0	0	1,982,304
Transportation	1,329,955	0	0	1,329,955
Support Services - Other	171,941	0	0	171,941
Community Services	45,821	0	0	45,821
Food Service & Athletics	0	0	1,406,832	1,406,832
Debt Retirement				
Principal	0	150,000	785,000	935,000
Interest	0	317,941	1,188,050	1,505,991
Dues and Fees	0	226	0	226
Other	0	13,162	0	13,162
Capital Outlay	0	0	23,171	23,171
Total Expenditures	<u>\$18,006,207</u>	<u>\$481,329</u>	<u>\$3,403,053</u>	<u>\$21,890,589</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$1,132,938	\$1,831,923	(\$2,363,526)	\$601,335
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers to (from) Other Funds	(552,910)	(1,838,261)	2,391,171	0
Proceeds Bond Issuance	0	0	5,835,000	5,835,000
Issuance Premium	0	0	44,732	44,732
Issuance Costs	0	0	(162,282)	(162,282)
Payment to Escrow Agent	0	0	(5,717,450)	(5,717,450)
Other Transfers	109,633	0	0	109,633
Total Other Financing Sources (Uses)	<u>(\$443,277)</u>	<u>(\$1,838,261)</u>	<u>\$2,391,171</u>	<u>\$109,633</u>
Net Change in Fund Balance	\$689,661	(\$6,338)	\$27,645	\$710,968
<u>FUND BALANCE - BEGINNING</u>	<u>2,709,508</u>	<u>1,087,765</u>	<u>316,368</u>	<u>4,113,641</u>
<u>FUND BALANCE - ENDING</u>	<u>\$3,399,169</u>	<u>\$1,081,427</u>	<u>\$344,013</u>	<u>\$4,824,609</u>

See accompanying notes to the basic financial statements.



IMLAY CITY COMMUNITY SCHOOLS - IMLAY CITY, MICHIGAN  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2007

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Total net change in fund balances - governmental funds	\$710,968
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.	(872,392)
Bond and Note Proceeds	(6,372,537)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount of repayments reported as expenditures in the governmental funds.	7,198,098
Change in accrued interest on long-term liabilities	61,145
(Increase) in accrued compensated absences	<u>(15,113)</u>
<u>CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES</u>	<u>\$710,169</u>

STATEMENT OF FIDUCIARY NET ASSETS  
IMLAY CITY COMMUNITY SCHOOLS - IMLAY CITY, MICHIGAN  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
AS OF JUNE 30, 2007

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	Trust & Agency
<u>ASSETS</u>	
Cash and Cash Equivalents	<u>\$182,921</u>
<u>TOTAL ASSETS</u>	<u>\$182,921</u>
 <u>LIABILITIES</u>	
Due to Student Groups	<u>\$182,921</u>
<u>TOTAL LIABILITIES</u>	<u>\$182,921</u>

See accompanying notes to the basic financial statements.

IMLAY CITY COMMUNITY SCHOOLS - IMLAY CITY, MICHIGAN  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2007

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
<u>REVENUES</u>				
Local Sources	\$2,259,410	\$2,609,789	\$2,641,477	\$31,688
State Sources	15,490,555	15,700,924	15,735,214	34,291
Federal Sources	722,862	769,914	762,454	(7,460)
Total Revenues	\$18,472,827	\$19,080,627	\$19,139,145	\$58,519
<u>EXPENDITURES</u>				
Current:				
Instruction	11,116,782	10,934,442	10,714,630	219,812
Student Services	1,008,104	993,132	965,959	27,173
Instructional Support	884,621	815,463	725,038	90,425
General Administration	438,394	457,993	425,322	32,671
School Administration	1,583,658	1,503,997	1,454,110	49,887
Business Administration	191,857	187,311	191,127	(3,816)
Operation & Maintenance of Plant	2,079,831	2,209,664	1,982,304	227,360
Transportation	1,363,413	1,369,702	1,329,955	39,747
Support Services - Other	246,154	256,591	171,941	84,650
Community Services	61,897	55,534	45,821	9,713
Total Expenditures	\$18,974,711	\$18,783,829	\$18,006,207	\$777,622
Excess of Revenues Over Expenditures	(\$501,884)	\$296,797	\$1,132,938	\$836,141
<u>OTHER FINANCING SOURCES (USES)</u>				
Net Change in Fund Balance	(744,706)	(534,960)	(443,277)	91,683
	(\$1,246,590)	(\$238,163)	\$689,661	\$927,824
<u>FUND BALANCE - BEGINNING</u>			2,709,508	
<u>FUND BALANCE - ENDING</u>			\$3,399,169	

See accompanying notes to the basic financial statements.

IMLAY CITY COMMUNITY SCHOOLS - IMLAY CITY, MICHIGAN  
NOTES THE TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007

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1) REPORTING ENTITY

The accompanying basic financial statements have been prepared in accordance with criteria established by the GASB for determining the various governmental organizations to be included in the reporting entity. These criteria include oversight responsibility, scope of public service, and special financing arrangements. Based on application of the criteria, the entity does not contain component units.

The District receives funding from local, state, federal and interdistrict government sources and must comply with the accompanying requirements of these funding source entities. However, the District is not included in any other governmental "reporting entity" body that has separate legal standing and is fiscally independent of the governmental entities. As such, the Board of Education has decision-making authority, the authority to levy taxes, and determine its budget, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Imlay City Community Schools conform to generally accepted accounting principles as applicable to school districts. The following is a summary of the significant accounting policies:

In June 1999 the Governmental Accounting Standards Board (GASB) issued Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments. Certain of the significant changes in the Statement include the following:

A Management Discussion and Analysis (MD&A) section to provide an analysis of the District’s overall financial position and results of operations.

Financial statements prepared with full accrual accounting for all of the District’s activities.

- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements and notes to the financial statements.

A) BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS

The District’s basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District’s major funds). The government-wide financial statements categorize primary activities as either governmental or business type. All of the District’s activities are classified as governmental activities. Fiduciary funds are not included in the government-wide financial statements.

In the government-wide Statement of Net Assets, the governmental activities column is presented on a consolidated basis and is reported on a full-accrual economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District’s net assets are reported in three parts: invested in capital assets net of related debt; restricted net assets; and unrestricted net assets. The District first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the District’s functions. General government revenues also support the functions. The Statement of Activities reduces gross expenses by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary grants. The net costs by function are normally covered by general revenue (property taxes, state and federal sources, interest income, etc.).

The District does not allocate indirect costs. Inter-fund transactions have been eliminated in the government-wide financial statements.

IMLAY CITY COMMUNITY SCHOOLS - IMLAY CITY, MICHIGAN  
NOTES THE TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007

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2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B) BASIC FINANCIAL STATEMENTS - FUND FINANCIAL STATEMENTS

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the general-purpose financial statements in this report, into five generic fund types in two broad fund categories as follows:

Governmental Funds

Governmental funds are those funds through which most school district functions typically are financed. The acquisition, use, and balances of the District's expendable financial resources and the related current liabilities are accounted for through governmental funds.

General Fund

The General Fund is used to record the general operations of the District pertaining to education and those operations not provided for in other funds. Included are all transactions related to the approved current operating budget.

Special Revenue Funds

Special Revenue Funds are used to segregate the transactions of particular activities from regular revenue and expenditure accounts. The District maintains full control of these funds. The District maintains two school service funds: Food Service and Athletic Funds.

Debt Retirement Funds

The Debt Retirement Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Projects Fund

The Capital Projects Fund is used to account for the acquisition and construction of major facilities by the School District.

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The District's fiduciary funds consist of agency funds which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency funds are used to account for amount held for student and employee groups.

C) BASIS OF ACCOUNTING/MEASUREMENT FOCUS

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Accrual

Governmental activity in the government-wide financial statements is presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

IMLAY CITY COMMUNITY SCHOOLS - IMLAY CITY, MICHIGAN  
NOTES THE TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007

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2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C) BASIS OF ACCOUNTING/MEASUREMENT FOCUS (Continued)

Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within 60 days of year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt is recognized when due.

Those revenues susceptible to accrual are property taxes, state aid, interest revenue, grants and charges for services. Other revenue is recorded when received.

The District reports deferred revenue on its governmental funds balance sheet. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when the District receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

D) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include amounts in demand deposits and certificates of deposit.

The District reports its investments in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* and No. 40 *Deposits and Investment Risk Disclosures*. Under these standards, certain investments are valued at fair value as determined by quoted market prices, or by estimated fair values when quoted market prices are not available. The standards also provide that certain investments are valued at cost (or amortized cost) when they are of a short-term duration, the rate of return is fixed, and the district intends to hold the investment until maturity. Accordingly, investments in banker acceptances and commercial paper are recorded at amortized cost.

State statutes authorize the District to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury, certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by no less than two standard rating services and which matures not more than 270 days after the date of purchase. The District is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

E) PREPAID ASSETS

Payments made to vendors for services that will benefit periods beyond June 30, 2007, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

F) INVENTORY

On government-wide financial statements are stated at cost and are expensed when used.

On fund financial statements inventories are stated at cost. Inventory in governmental funds consists of expendable supplies held for consumption.

IMLAY CITY COMMUNITY SCHOOLS - IMLAY CITY, MICHIGAN  
NOTES THE TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007

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2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G) CAPITAL ASSETS

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) using a \$5,000 capitalization threshold and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of one hundred dollars. The School District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an assets life are not. Interest incurred during the construction of capital assets is also capitalized.

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Buildings and Improvements	20 – 50 years
Furniture and Equipment	5 – 10 years
Vehicles and Buses	8 years

H) INTERFUND BALANCES

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables.” These amounts are eliminated in the governmental activities columns of the statement of net assets.

I) COMPENSATED ABSENCES

The School District reports compensated absences in accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences.” Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the School District’s past experience of making termination payments.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts, if any, are recorded in the account “compensated absences payable” in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

J) ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

IMLAY CITY COMMUNITY SCHOOLS - IMLAY CITY, MICHIGAN  
NOTES THE TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007

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2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J) ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS (Continued)

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, the noncurrent portion of capital leases, compensated absences, contractually required pension contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within sixty days after year end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

K) FUND BALANCE RESERVES

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for inventories.

L) NET ASSETS

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

M) ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

N) BUDGETARY DATA

The budgetary process is prescribed by provisions of the State of Michigan Budget Act and entails the preparation of budgetary documents within an established timetable. All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control has been established by the Board of Education at the function level. Any budgetary modifications may only be made by resolution of the Board of Education.

The School District follows these procedures in establishing the budgets for the individual funds as reflected in the financial statements.

- 1) Prior to June 30, the Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1.
- 2) A public hearing is conducted during June to obtain taxpayer comments.
- 3) Prior to June 30, the budget is legally enacted through passage of a resolution.
- 4) For purposes of meeting emergency needs of the School District, transfer of appropriations may be made by the authorization of the Superintendent. Such transfers of appropriations must be approved by the Board of Education at its next regularly scheduled meeting.



IMLAY CITY COMMUNITY SCHOOLS - IMLAY CITY, MICHIGAN  
NOTES THE TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N) BUDGETARY DATA (Continued)

- 5) The School Superintendent is charged with general supervision of the budget and shall hold the department heads responsible for performance of their responsibilities.
- 6) During the year the budget is monitored, and amendments to the budget resolution are made when deemed necessary.

3) STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY – BUDGET VIOLATIONS

1968 PA2 provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the School District's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets of the School District for these budgetary funds were adopted to the functional level.

During the year ended June 30, 2007, the School incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated.

4) DEPOSITS AND INVESTMENTS

As of June 30, 2007, the District had the following investments.

<b>Investment Type</b>	<b>Fair value</b>	<b>Weighted Average Maturity (Years)</b>	<b>Standard &amp; Poor's Rating</b>	<b>Portfolio %</b>
MILAF External Investment Pool - MICMS	\$ 13	0.0027	AAAm	0.00%
MILAF External Investment Pool - MIMAX	5,097,971	0.0027	AAAm	100.00%
Total fair value	<u>\$ 5,097,984</u>			<u>100.00%</u>
Portfolio weighted average maturity		<u>0.0027</u>		

1 day maturity equals 0.0027, one year equals 1.00.

**Interest rate risk.** In accordance with its investment policy, the District will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the District's cash requirements.

**Credit risk.** State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2007, the District's investment in the investment pool was rated AAA by Standards & Poor's and AAA by Moody's Investors Service.

**Concentration of credit risk.** The District will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. More than 5% of the District's investments are in pooled investment accounts which represents 100% of the District's total investments.

IMLAY CITY COMMUNITY SCHOOLS - IMLAY CITY, MICHIGAN  
NOTES THE TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007

4) DEPOSITS AND INVESTMENTS (Continued)

**Custodial credit risk – deposits.** In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2007, \$762,927 of the District's bank balance of \$2,073,452 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

**Custodial credit risk – investments.** For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the District will do business.

**Foreign currency risk.** The District is not authorized to invest in investments which have this type of risk.

The above amounts as previously report in Note 4:

Deposits – Including Fiduciary Funds of \$182,921	\$ 1,882,661
Investments	<u>5,097,984</u>
<u>TOTAL</u>	<u>\$ 6,980,645</u>

The above amounts are reported in the financial statements as follows:

Cash – Agency Fund	\$ 182,921
Cash – District Wide	1,699,740
Investments – District Wide	<u>5,097,984</u>
<u>TOTAL</u>	<u>\$ 6,980,645</u>

5) PROPERTY TAXES

The School District levies its property taxes on December 1 and various municipalities collect its property taxes and remit them to the District through February. The delinquent real property taxes of the District are purchased by the County, and delinquent personal property taxes continue to be collected by the municipalities and recorded as revenue as they are collected. The county sells tax notes, the proceeds of which have been used to pay the District for these delinquent real property taxes. These delinquent real property taxes have been recorded as revenue in the current year.

6) RECEIVABLES

Receivables at June 30, 2007, consist of taxes, accounts (fees), intergovernmental grants and interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables (due from other governmental units) follows:

<u>GOVERNMENTAL ACTIVITIES</u>	<u>AMOUNT</u>
State Aid	\$ 2,740,522
Federal Grants	122,252
Other Grant Programs & Fees	<u>5,270</u>
<u>TOTAL GOVERNMENTAL ACTIVITIES</u>	<u>\$ 2,868,044</u>

IMLAY CITY COMMUNITY SCHOOLS - IMLAY CITY, MICHIGAN  
NOTES THE TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007

7) UNEMPLOYMENT COMPENSATION

The District is subject to the Michigan Employment Security Act and has elected the reimbursement method of financing. Under this method, the District must reimburse the Employment Commission for all benefits charged against the District for the year. As of June 30, 2007, the School District had \$17,891 in estimated claims in conjunction with the program.

8) SHORT-TERM DEBT

The District borrowed \$3,200,000 at 3.68% interest per annum on August 18, 2006, from Chase Bank on a State Aid Anticipation Note. The short-term note proceeds were used to meet cash flow needs. The note matures on August 20, 2007.

	Balance July 1, 2006	Additions	Deductions	Balance June 30, 2007
State Aid Note	\$1,000,000	\$3,200,000	\$1,000,000	\$3,200,000

9) CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2007, was as follows:

	Balance July 1, 2006	Additions	Deductions	Balance June 30, 2007
<u>GOVERNMENTAL ACTIVITIES</u>				
Buildings and Improvements	\$37,276,473	\$23,000	\$0	\$37,299,473
Land	1,122,900	0	0	1,122,900
Land Improvements	603,897	48,866	0	652,763
Equipment and Furniture	1,499,838	0	0	1,499,838
Vehicles	1,408,188	62,990	88,500	1,382,678
Totals at Historical Cost	\$41,911,296	\$134,856	\$88,500	\$41,957,652
Less: Accumulated Depreciation				
Buildings and Improvements	(9,712,327)	(759,214)	0	(10,471,541)
Equipment and Furniture	(558,618)	(105,388)	0	(664,006)
Land Improvements	0	(30,195)	0	(30,195)
Vehicles	(1,026,281)	(89,451)	(65,500)	(1,050,232)
Total Accumulated Depreciation	(\$11,297,226)	(\$984,248)	(\$65,500)	(\$12,215,974)
<u>GOVERNMENTAL ACTIVITIES</u>				
<u>CAPITAL ASSETS - NET</u>	\$30,614,070	(\$849,392)	\$23,000	\$29,741,678

Depreciation expense, when appropriate, was allocated to governmental functions. Depreciation expense that was not allocated appears on the statement of activities as "unallocated". Depreciation was recorded on the statement of activities as follows:

Instruction	\$ 72,734
Support Services	94,571
Food Service	20,824
Athletics	52,214
Unallocated	743,905
<u>TOTAL DEPRECIATION EXPENSE</u>	<u>\$ 984,248</u>

IMLAY CITY COMMUNITY SCHOOLS - IMLAY CITY, MICHIGAN  
NOTES THE TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007

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9) CAPITAL ASSETS (Continued)

Investment in capital assets – net of related debt consists of the following:

Capital Assets	\$ 41,957,652
Less: Accumulated Depreciation	(12,215,974)
Less: Long-Term Liabilities	(31,079,484)
Compensated Absences	<u>466,563</u>
 <u>TOTAL</u>	 <u>\$ (871,243)</u>

10) SELF INSURANCE POOL

The School District participates in a public entity risk pool (self-insurance pool) for its workers' compensation, property and casualty, general liability, and boiler insurance. The pool is through the MASB/SET/SEG and is administered by Corporate Services. The pool provides for reinsurance by various insurance companies at various levels, depending on the coverage. Should the pool experience significant losses in the aggregate, the School District may be required to pay additional monies to the pool. At present, the MASB/SET/SEG has not required additional funds, but rather has issued refunds based on experience gains over experience losses over the last few years. Premiums for the year ended June 30, 2007 were \$93,493 and the School District received a dividend refund of \$18,349.

11) LONG-TERM LIABILITIES

A) BOND ISSUES

1998 Durant Resolution Package Bonds

Imlay City Community Schools issued Durant Resolution Bonds on November 24, 1998 in the amount of \$325,344 at the interest rate of 4.7613%. The bonds are a legal obligation of the school district but the annual State of Michigan appropriation is the only revenue source for making the annual debt service payments on the bonds. If the legislature fails to appropriate the bonds, the district is under no obligation for payment. The balance at June 30, 2007 was \$192,103.

1999 Energy Conservation Improvements Bonds

Imlay City Community Schools issued Local Government Loan Program Revenue Bonds, Series 1999C for Energy Conservation Improvements on June 24, 1999, in the amount of \$985,000. The bonds mature serially through May 1, 2009 at varying principal amounts. Interest rates on the bonds range from 4.25% to 4.75% per annum. The balance of the bonds at June 30, 2007 was \$235,000 .

2003 General Obligation Building & Site Bonds

Imlay City Community Schools has issued General Obligation Bonds dated September 1, 2003, in the amount of \$7,635,000, bearing interest at rates varying from 2.00% to 5.00% per annum. The balance of the bonds as of June 30, 2007 was \$1,465,000.

2006 Refunding Bonds

On March 8, 2006, Imlay City Community Schools issued \$22,125,000 in General Obligation – Unlimited Tax Bonds with an average interest rates ranging from of 3.75% to 4.75%. The District issued the bonds to advance refund \$15,755,000 of the outstanding 1994 Bond Issue with an interest rate of 4.90% to 5.40% and \$7,370,000 of the outstanding 1997 Bond Issue with an interest rate of 5.0% to 5.7%. The net proceeds were deposited with an escrow agent and used to purchase U.S. Government Securities. These securities will provide for all of the future debt service on the 1994 and 1997 Bonds. As a result the 1994 and 1997 Bond Issues are considered defeased and the District has removed the liability from its accounts. The balance of the bonds at June 30, 2007 was \$21,450,000.

IMLAY CITY COMMUNITY SCHOOLS - IMLAY CITY, MICHIGAN  
NOTES THE TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007

11) GENERAL LONG-TERM DEBT (Continued)

A) BOND ISSUES (Continued)

2007 Refunding Bonds

On March 9, 2007, Imlay City Community Schools issued \$5,835,000 in General Obligation – Unlimited Tax Bonds with an average interest rates ranging from of 4% to 5%. The District issued the bonds to advance refund \$5,600,000 of the outstanding 1993 Bond Issue with an interest rate of 2% to 5%. The net proceeds were deposited with an escrow agent and used to purchase U.S. Government Securities. These securities will provide for all of the future debt service on the 2003 Bonds. As a result the 2003 Bond Issues are considered defeased and the District has removed the liability from its accounts. The advanced refunding was done in order to reduce debt payments. The refunding decreased the District's total debt service payments by \$331,624. The transaction resulted in an economic gain (difference between the present value of the debt service on the old and the new bonds) of \$205,839. The balance of the bonds at June 30, 2007 was \$5,835,000.

B) NOTES - LAND CONTRACT

The District is indebted on a land contract payable to National City Bank for the purchase of vacant land. The land contract calls for an annual payment of \$79,834, including interest at 3.94% per annum. The balance at June 30, 2007 was \$537,537.

C) CHANGES IN GENERAL LONG-TERM DEBT

	Balance July 1, 2006	Additions	Deductions	Balance June 30, 2007	Amount Due in One Year
<u>Governmental Activities:</u>					
Bond Issues	\$29,877,103	\$5,835,000	\$6,535,000	\$29,177,103	\$1,045,000
Unamortized Premium	967,379	0	69,098	898,281	69,098
Notes Payable	594,000	537,537	594,000	537,537	58,302
Compensated Absences	451,450	15,113	0	466,563	0
<u>Total Governmental Activities</u>	<u>\$31,889,932</u>	<u>\$6,387,650</u>	<u>\$7,198,098</u>	<u>\$31,079,484</u>	<u>\$1,172,400</u>

D) PRINCIPAL REPAYMENT SCHEDULES BY FISCAL YEARS ARE AS FOLLOWS:

	Bonds Payable	Unamortized Premium	Notes Payable	Interest	Total
June 30, 2008	\$1,045,000	\$69,098	\$58,302	\$1,317,149	\$2,489,549
June 30, 2009	1,168,106	69,098	60,690	1,285,820	2,583,714
June 30, 2010	1,251,503	69,098	63,114	1,277,542	2,661,257
June 30, 2011	1,274,871	69,098	65,636	1,193,646	2,603,251
June 30, 2012	1,400,816	69,098	68,226	1,143,382	2,681,522
June 30, 2013-2017	9,231,807	345,490	221,569	4,522,805	14,321,671
June 30, 2018-2022	9,930,000	207,301	0	1,984,448	12,121,749
June 30, 2023-2027	1,730,000		0	658,660	2,388,660
June 30, 2028-2032	2,145,000	0	0	273,914	2,418,914
<u>TOTAL</u>	<u>\$29,177,103</u>	<u>\$898,281</u>	<u>\$537,537</u>	<u>\$13,657,366</u>	<u>\$44,270,287</u>

The payment dates of compensated absences is undeterminable. The interest expenditures on long-term obligations for the year were \$1,505,991.

IMLAY CITY COMMUNITY SCHOOLS - IMLAY CITY, MICHIGAN  
NOTES THE TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007

12) OPERATING LEASES

The District currently leases copier machines and a postage machine. The District pays a monthly rate plus a rate per copy. The minimum monthly payments and maturity dates are as follows:

	Monthly Payment	Maturity Date
Copier – Borland Elementary	\$917	December, 2009
Copier – Weston Elementary	761	December, 2009
Copier – High School	1,478	August, 2009
Copier – Middle School	725	April, 2010
Copier – Administration	414	July, 2009
Copier – Venture	282	March, 2009
Postage Machine	824	October, 2011
Folder/Stuffer	307	February, 2012

Future maturities are as follows:

2008	\$ 68,496
2009	45,520
2010	21,236
2011	6,980
2012	2,149
<u>TOTAL</u>	<u>\$ 144,381</u>

13) INTERFUND ACTIVITY

Interfund balances at June 30, 2007 consisted of the following:

DUE TO	DUE FROM		
	General Fund	Food Service	Total
Athletics	<u>\$24,104</u>	<u>\$162,683</u>	<u>\$186,787</u>

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting systems, and (3) payments between funds are made.

14) INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2007, consisted of the following:

TRANSFERS TO	TRANSFERS FROM
	General Fund
Athletics	\$418,121
Debt Retirement	134,789
<u>TOTAL</u>	<u>\$552,910</u>

These transfers were made to subsidize the cost of services for athletics and debt payments.

IMLAY CITY COMMUNITY SCHOOLS - IMLAY CITY, MICHIGAN  
NOTES THE TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007

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15) DEFINED BENEFIT PENSION PLAN

Plan Description

The School District participates in the Michigan Public School Employees' Retirement System (MPSERS), a statewide, cost-sharing, multiple-employer defined benefit public employee retirement system governed by the State of Michigan that covers substantially all employees of the School District. The MPSERS provides retirement, survivor and disability benefits to plan members and their beneficiaries. The MPSERS issues a publicly available financial report that includes financial statements and required supplementary information for the MPSERS. That report may be obtained by writing to the MPSERS at 7150 Harris Drive, PO Box 30673, Lansing, MI 48909-8103.

Funding Policy

Employer contributions to the MPSERS result from the implementing effects of the School Finance Reform Act. Under these procedures, each school district is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree health care benefit amounts on a cash disbursement basis. The pension benefit rate totals 16.34 percent for the period July 1, 2006 through September 30, 2006 and 17.74 percent for the period October 1, 2006 through June 30, 2007 of the covered payroll to the plan. Basic plan members make no contributions, but contribute to a member investment plan (MIP) at rates ranging from 3 percent to 4.3 percent of gross wages. The School District's contributions to the MPSERS pension plan for the years ended June 30, 2007, 2006 and 2005 were \$1,847,103, \$1,811,507 and \$1,534,789, respectively.

Postemployment Benefits

Under the MPSERS Act, all retirees participating in the MPSERS pension plan have the option of continuing health, dental and vision coverage. Retirees having these coverages contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent of the monthly premium amount for the health, dental and vision coverages. Required contributions for postemployment health care benefits are included as part of the School District's total contribution to the MPSERS pension plan discussed above.

16) RISK MANAGEMENT

The District is exposed to various risks of loss in conducting its operations, from property and casualty theft, damage to various tort and liability claims and workman's compensation claims. The District limits its exposure to such claims through its participation in and payments of premiums to SET-SEG, Inc. Insurance Trust. This pool maintains a loss fund and is also required by the terms of the participation agreement to obtain insurance and reinsurance as necessary.

The terms of the participation agreement with the pool indicate that, should losses of the pool incurred in a given coverage period exceed the loss fund and the aggregate excess reinsurance, the fund may access its member districts on a pro-rata basis to cover excess losses. In past years the loss fund has exceeded the amount necessary to maintain prudent loss reserves, resulting in annual premium refunds to member districts. The District's management believes that participation in this pool provides sufficient coverage to protect the District from any significant adverse financial impact.

IMLAY CITY COMMUNITY SCHOOLS - IMLAY CITY, MICHIGAN  
NOTES THE TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007

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17) CONTINGENCIES AND COMMITMENTS

The District participates in a number of federally assisted grant programs, principally of which are the Nutrition Cluster grants. These programs are subject to program compliance audits. The audit of these programs for and including the year ended June 30, 2007, have been conducted and has been reported in this audit report. However, the compliance audit reports have not yet been accepted by the grantors. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time; although the District expects such amounts, if any, to be immaterial.

18) SUBSEQUENT EVENT

On September 27, 2007, the District was notified that they have an arbitrage rebate liability of \$22,158 on their Series 2006 State Aid Note. The amount was paid as required by the District in September, 2007.



OTHER SUPPLEMENTAL  
INFORMATION

IMLAY CITY COMMUNITY SCHOOLS - IMLAY CITY, MICHIGAN  
COMBINING BALANCE SHEET -  
OTHER GOVERNMENTAL FUNDS  
AS OF JUNE 30, 2007

	School Service Funds	Debt Retirement Funds	Capital Projects Fund	Total Other Governmental Funds
<u>ASSETS</u>				
Cash and Cash Equivalents	\$443,796	\$0	\$0	\$443,796
Accounts Receivable	3,982	0	0	3,982
Due from Other Governmental Units	6,577	0	0	6,577
Due from Other Funds	162,683	0	0	162,683
Inventory	9,385	0	0	9,385
<u>TOTAL ASSETS</u>	<u>\$626,423</u>	<u>\$0</u>	<u>\$0</u>	<u>\$626,423</u>
<u>LIABILITIES</u>				
Accounts Payable	\$29,644	\$0	\$0	\$29,644
Due to Other Governmental Units	191	0	0	191
Due to Other Funds	186,787	0	0	186,787
Salaries Payable	9,576	0	0	9,576
Accrued Expenses	2,121	0	0	2,121
Deferred Revenue	54,091	0	0	54,091
Total Liabilities	\$282,410	\$0	\$0	\$282,410
<u>FUND BALANCES</u>				
Unreserved:				
Undesignated, Reported In:				
Special Revenue Funds	344,013	0	0	344,013
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$626,423</u>	<u>\$0</u>	<u>\$0</u>	<u>\$626,423</u>

IMLAY CITY COMMUNITY SCHOOLS - IMLAY CITY, MICHIGAN  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
OTHER GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2007

	School Service Funds	Debt Retirement Funds	Capital Projects Fund	Total Other Governmental Funds
<u>REVENUES</u>				
Local Sources	\$474,481	\$0	\$0	\$474,481
State Sources	49,318	0	0	49,318
Federal Sources	515,728	0	0	515,728
Total Revenues	<u>\$1,039,527</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,039,527</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers from Other Funds	418,121	1,973,050	0	2,391,171
Proceeds Bond Issuance	0	5,835,000	0	5,835,000
Issuance Premium	0	44,732	0	44,732
Issuance Costs	0	(162,282)	0	(162,282)
Payment to Escrow Agent	0	(5,717,450)	0	(5,717,450)
Total Other Financing Sources (Uses)	<u>\$418,121</u>	<u>\$1,973,050</u>	<u>\$0</u>	<u>\$2,391,171</u>
Total Revenues & Other Financing Sources	<u>\$1,457,648</u>	<u>\$1,973,050</u>	<u>\$0</u>	<u>\$3,430,698</u>
<u>EXPENDITURES</u>				
School Service	1,406,832	0	0	1,406,832
Debt Retirement	0	1,973,050	0	1,973,050
Capital Projects	0	0	23,171	23,171
Total Expenditures	<u>\$1,406,832</u>	<u>\$1,973,050</u>	<u>\$23,171</u>	<u>\$3,403,053</u>
Net Change in Fund Balance	<u>\$50,816</u>	<u>\$0</u>	<u>(\$23,171)</u>	<u>\$27,645</u>
<u>NET ASSETS - BEGINNING</u>	<u>293,197</u>	<u>0</u>	<u>23,171</u>	<u>316,368</u>
<u>NET ASSETS - ENDING</u>	<u>\$344,013</u>	<u>\$0</u>	<u>\$0</u>	<u>\$344,013</u>

IMLAY CITY COMMUNITY SCHOOLS - IMLAY CITY, MICHIGAN  
COMBINING BALANCE SHEET  
SCHOOL SERVICE FUNDS  
AS OF JUNE 30, 2007

	Food Service	Athletic Activities	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$168,985	\$274,811	\$443,796
Accounts Receivable	3,982	0	3,982
Due from Other Governmental Units	6,577	0	6,577
Due from Other Funds	162,683	0	162,683
Inventory	9,385	0	9,385
<u>TOTAL ASSETS</u>	<u>\$351,612</u>	<u>\$274,811</u>	<u>\$626,423</u>
<u>LIABILITIES</u>			
Accounts Payable	\$328	\$29,316	\$29,644
Due to Other Governmental Units	46	145	191
Due to Other Funds	0	186,787	186,787
Salaries Payable	1,601	7,975	9,576
Accrued Expenses	123	1,998	2,121
Deferred Revenue	5,501	48,590	54,091
Total Liabilities	\$7,599	\$274,811	\$282,410
<u>FUND EQUITY</u>			
Fund Balance - Reserved for Inventory	9,385	0	9,385
Fund Balance - Unreserved and Undesignated	334,628	0	334,628
Total Fund Equity	\$344,013	\$0	\$344,013
<u>TOTAL LIABILITIES AND FUND EQUITY</u>	<u>\$351,612</u>	<u>\$274,811</u>	<u>\$626,423</u>

IMLAY CITY COMMUNITY SCHOOLS - IMLAY CITY, MICHIGAN  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
SCHOOL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2007

	Food Service	Athletic Activities	Total
<u>REVENUES</u>			
<u>Local Sources</u>			
Cafeteria Sales	\$334,258	\$0	\$334,258
Athletic Activities	0	87,609	87,609
Earnings on Investments	6,644	11,862	18,506
Other Local Revenue	8,741	25,367	34,108
Total Local Sources	<u>\$349,643</u>	<u>\$124,838</u>	<u>\$474,481</u>
<u>State Sources</u>			
State Reimbursements	49,318	0	49,318
<u>Federal Sources</u>			
Federal Reimbursements	515,728	0	515,728
Total Revenues	<u>\$914,689</u>	<u>\$124,838</u>	<u>\$1,039,527</u>
<u>OTHER FINANCING SOURCES</u>			
Transfers from General Fund	0	418,121	418,121
Total Revenues and Other Financing Sources	<u>\$914,689</u>	<u>\$542,959</u>	<u>\$1,457,648</u>
<u>EXPENDITURES</u>			
Salaries - Professional	33,866	0	33,866
Salaries - Non-Professional	224,623	314,771	539,394
Insurances	44,620	17,648	62,268
Fica, Retirement, Etc.	65,688	80,450	146,138
Other Benefits	3,600	1,800	5,400
Purchased Services	17,953	41,751	59,704
Supplies and Materials	369,793	8,354	378,147
Capital Outlay	29,200	62,742	91,942
Other	74,530	15,443	89,973
Total Expenditures	<u>\$863,873</u>	<u>\$542,959</u>	<u>\$1,406,832</u>
<u>EXCESS REVENUES AND OTHER FINANCING</u> <u>SOURCES OVER (UNDER) EXPENDITURES</u>	<u>\$50,816</u>	<u>\$0</u>	<u>\$50,816</u>
<u>FUND BALANCE - BEGINNING OF YEAR</u>	<u>\$293,197</u>	<u>\$0</u>	<u>\$293,197</u>
<u>FUND BALANCE - END OF YEAR</u>	<u>\$344,013</u>	<u>\$0</u>	<u>\$344,013</u>

IMLAY CITY COMMUNITY SCHOOLS - IMLAY CITY, MICHIGAN  
COMBINING BALANCE SHEET  
DEBT RETIREMENT FUNDS  
FOR THE YEAR ENDED JUNE 30, 2007

	1999 Energy Bonds	2006 Debt	2007 Debt	Total
<u>ASSETS</u>				
Cash and Cash Equivalents	\$0	\$0	\$0	\$0
<u>TOTAL ASSETS</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FUND EQUITY</u>				
Reserved - Debt Retirement	\$0	\$0	\$0	\$0

IMLAY CITY COMMUNITY SCHOOLS - IMLAY CITY, MICHIGAN  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
DEBT RETIREMENT FUNDS  
FOR THE YEAR ENDED JUNE 30, 2007

	1999 Energy Bonds	2006 Debt	2007 Debt	Total
<u>OTHER FINANCING SOURCES</u>				
Transfer from Other Debt Funds	\$126,163	\$1,846,887	\$0	\$1,973,050
Proceeds Bond Issuance	0	0	5,835,000	5,835,000
Issuance Premium	0	0	44,732	44,732
Total Other Financing Sources	<u>\$126,163</u>	<u>\$1,846,887</u>	<u>\$5,879,732</u>	<u>\$7,852,782</u>
<u>EXPENDITURES</u>				
Redemption of Bond Principal	110,000	675,000	0	785,000
Interest on Bonded Debt	16,163	1,171,887	0	1,188,050
Total Expenditures	<u>\$126,163</u>	<u>\$1,846,887</u>	<u>\$0</u>	<u>\$1,973,050</u>
<u>OTHER FINANCING USES</u>				
Issuance Costs	0	0	162,282	162,282
Payment to Escrow Agent	0	0	5,717,450	5,717,450
Total Other Financing Uses	<u>\$0</u>	<u>\$0</u>	<u>\$5,879,732</u>	<u>\$5,879,732</u>
Total Expenditures and Other Financing Uses	<u>\$126,163</u>	<u>\$1,846,887</u>	<u>\$5,879,732</u>	<u>\$7,852,782</u>
<u>EXCESS OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FUND BALANCE - BEGINNING OF YEAR</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FUND BALANCE - END OF YEAR</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

INDIVIDUAL FUND SCHEDULES OF  
REVENUES, EXPENDITURES AND  
OTHER FINANCING USES



IMLAY CITY COMMUNITY SCHOOLS - IMLAY CITY, MICHIGAN  
GENERAL FUND  
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES -  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2007

	BUDGET	ACTUAL	VARIANCE
<u>REVENUES FROM</u>			
<u>Local Sources</u>			
Property Tax Levy	\$2,205,930	\$2,205,657	(\$273)
Earnings on Investments and Deposits	166,230	171,008	4,778
Preschool	25,000	23,353	(1,647)
Child Care & Latchkey	25,000	32,106	7,106
Transportation	25,000	39,244	14,244
Rentals	22,625	30,673	8,048
Medicaid Reimbursement	80,000	79,484	(516)
Other Local Revenues	60,004	59,952	(52)
Total Revenues from Local Sources	\$2,609,789	\$2,641,477	\$31,688
<u>State Sources</u>			
Unrestricted State Aid Sec. 20	14,508,954	14,542,069	33,115
Special Education	559,935	558,013	(1,922)
Durant	32,534	32,534	0
Adult Education	9,812	9,944	133
Preschool	105,600	105,600	0
Bilingual Program	13,986	13,986	0
Other State Grants	37,398	40,398	3,000
At Risk Sec. 31a	432,705	432,670	(35)
Total Revenues from State Sources	\$15,700,924	\$15,735,214	\$34,291
<u>Federal Sources</u>			
Title I	227,159	224,806	(2,353)
Migrant Programs	224,818	224,818	0
Title V	1,996	1,996	0
Technology Literacy Grant	2,308	2,747	439
Improving Teacher Quality	85,315	84,258	(1,057)
English Language Acquisition Grants	37,923	36,289	(1,634)
IDEA Special Education	158,170	155,022	(3,148)
Preschool	13,574	13,574	0
Drug Free Schools	0	2,600	2,600
Hurricane Katrina	151	151	0
Medicaid Outreach Administrative Claims	18,500	16,193	(2,307)
Total Revenues from Federal Sources	\$769,914	\$762,454	(\$7,460)
Total Revenues	\$19,080,627	\$19,139,145	\$58,519

IMLAY CITY COMMUNITY SCHOOLS - IMLAY CITY, MICHIGAN  
GENERAL FUND  
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES -  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2007

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<u>OTHER FINANCING SOURCES</u>			
Transfers from Other Districts	\$151,000	\$155,316	\$4,316
Other Transfers	18,448	92,992	74,544
Reimbursements - Insurance Claims	150,019	150,019	0
Total Other Financing Sources	<u>\$319,467</u>	<u>\$398,327</u>	<u>\$78,860</u>
<u>TOTAL REVENUES AND OTHER FINANCING SOURCES</u>	<u>\$19,400,094</u>	<u>\$19,537,472</u>	<u>\$137,379</u>

IMLAY CITY COMMUNITY SCHOOLS - IMLAY CITY, MICHIGAN  
GENERAL FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2007

<u>INSTRUCTION</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<u>BASIC PROGRAMS</u>			
<u>Weston - Elementary</u>			
Salaries - Professional	\$1,265,700	\$1,247,489	\$18,211
Salaries - Non-Professional	98,949	102,465	(3,516)
Insurances	304,622	305,854	(1,232)
Fica, Retirement, Etc.	353,434	344,229	9,205
Other Benefits	5,700	6,000	(300)
Purchased Services	7,256	1,642	5,614
Supplies and Materials	55,467	36,231	19,236
Capital Outlay	2,500	1,236	1,264
Total Weston - Elementary	\$2,093,628	\$2,045,146	\$48,482
<u>Borland - Elementary</u>			
Salaries - Professional	1,325,014	1,325,687	(673)
Salaries - Non-Professional	64,100	63,290	810
Insurances	291,291	283,746	7,545
Fica, Retirement, Etc.	358,678	357,148	1,530
Other Benefits	3,600	3,600	0
Purchased Services	10,794	5,697	5,097
Supplies and Materials	81,300	69,651	11,649
Capital Outlay	5,118	3,118	2,000
Other	350	287	63
Total Borland - Elementary	\$2,140,245	\$2,112,224	\$28,021
<u>Middle School</u>			
Salaries - Professional	1,219,428	1,219,569	(141)
Salaries - Non-Professional	85,346	70,993	14,353
Insurances	321,486	321,064	422
Fica, Retirement, Etc.	331,881	326,965	4,916
Other Benefits	1,800	300	1,500
Purchased Services	5,500	2,980	2,520
Supplies and Materials	38,825	25,986	12,839
Capital Outlay	3,400	0	3,400
Other	700	0	700
Total Middle School	\$2,008,366	\$1,967,857	\$40,509
<u>High School</u>			
Salaries - Professional	1,660,113	1,655,039	5,074
Salaries - Non-Professional	117,151	118,557	(1,406)
Insurances	379,411	375,952	3,459
Fica, Retirement, Etc.	451,799	447,208	4,591
Other Benefits	5,400	3,300	2,100
Purchased Services	25,250	12,799	12,451
Supplies and Materials	86,250	61,902	24,348
Capital Outlay	17,466	2,646	14,820
Other	5,200	2,050	3,150
Total High School	\$2,748,040	\$2,679,453	\$68,587

## IMLAY CITY COMMUNITY SCHOOLS - IMLAY CITY, MICHIGAN

## GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2007

<u>INSTRUCTION (Continued)</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<u>Preschool - Borland Elementary</u>			
Salaries - Professional	\$16,282	\$13,323	\$2,959
Salaries - Non-Professional	9,115	8,488	627
Fica, Retirement, Etc.	6,540	5,614	926
Purchased Services	150	0	150
Supplies and Materials	700	423	277
Other	150	49	101
Total Preschool - Borland Elementary	\$32,937	\$27,897	\$5,040
 <u>Adult Education</u>			
Salaries - Professional	14,421	14,421	0
Fica, Retirement, Etc.	3,662	3,642	20
Total Adult Education	\$18,083	\$18,063	\$20
 <u>Total Basic Programs</u>	 \$9,041,299	 \$8,850,640	 \$190,659
 <u>ADDED NEEDS</u>			
<u>Special Education</u>			
Salaries - Professional	538,552	541,144	(2,592)
Salaries - Non-Professional	92,734	85,322	7,412
Insurances	165,892	176,191	(10,299)
Fica, Retirement, Etc.	156,661	157,485	(824)
Other Benefits	3,600	0	3,600
Purchased Services	1,725	0	1,725
Supplies and Materials	4,250	1,078	3,172
Total Special Education	\$963,414	\$961,220	\$2,194
 <u>Compensatory Education</u>			
Salaries - Professional	391,722	379,019	12,703
Salaries - Non-Professional	213,102	218,699	(5,597)
Insurances	102,341	97,263	5,078
Fica, Retirement, Etc.	154,224	157,103	(2,879)
Other Benefits	3,900	3,900	0
Purchased Services	18,802	13,239	5,563
Supplies and Materials	39,798	28,961	10,837
Capital Outlay	1,842	288	1,554
Other	3,998	4,298	(300)
Total Compensatory Education	\$929,730	\$902,770	\$26,960
 <u>Total Added Needs</u>	 \$1,893,143	 \$1,863,990	 \$29,153
 <u>Total Instruction</u>	 \$10,934,442	 \$10,714,630	 \$219,812

## IMLAY CITY COMMUNITY SCHOOLS - IMLAY CITY, MICHIGAN

## GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2007

	BUDGET	ACTUAL	VARIANCE
<u>SUPPORT SERVICES</u>			
<u>STUDENT SERVICES</u>			
Salaries - Professional	\$644,569	\$633,543	\$11,026
Salaries - Non-Professional	24,407	24,522	(115)
Insurances	124,224	121,478	2,746
Fica, Retirement, Etc.	171,703	166,526	5,177
Other Benefits	6,480	6,120	360
Purchased Services	17,529	12,018	5,511
Supplies and Materials	3,270	1,702	1,568
Capital Outlay	100	0	100
Other	850	50	800
Total Student Services	\$993,132	\$965,959	\$27,173
<u>INSTRUCTIONAL STAFF</u>			
Salaries - Professional	263,630	261,795	1,835
Salaries - Non-Professional	111,467	114,952	(3,485)
Insurances	89,872	89,190	682
Fica, Retirement, Etc.	94,495	89,800	4,695
Other Benefits	17,100	7,600	9,500
Purchased Services	168,333	122,368	45,965
Supplies and Materials	43,007	33,036	9,971
Capital Outlay	1,575	1,573	2
Other	25,984	4,724	21,260
Total Instructional Staff	\$815,463	\$725,038	\$90,425
<u>GENERAL ADMINISTRATION</u>			
Salaries - Professional	119,179	114,179	5,000
Salaries - Non-Professional	71,601	64,850	6,751
Insurances	26,626	30,991	(4,365)
Fica, Retirement, Etc.	48,478	37,445	11,033
Other Benefits	13,312	6,268	7,044
Purchased Services	132,515	137,251	(4,736)
Supplies and Materials	9,250	6,817	2,433
Capital Outlay	350	927	(577)
Other	36,683	26,594	10,089
Total General Administration	\$457,993	\$425,322	\$32,671

## IMLAY CITY COMMUNITY SCHOOLS - IMLAY CITY, MICHIGAN

## GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2007

SUPPORT SERVICES (Continued)	BUDGET	ACTUAL	VARIANCE
<u>SCHOOL ADMINISTRATION</u>			
Salaries - Professional	\$593,994	\$575,378	\$18,616
Salaries - Non-Professional	266,309	276,267	(9,958)
Insurances	212,960	221,356	(8,396)
Fica, Retirement, Etc.	218,683	199,470	19,213
Other Benefits	26,600	13,973	12,627
Purchased Services	109,175	100,333	8,842
Supplies and Materials	51,950	51,375	575
Capital Outlay	9,250	694	8,556
Other	15,076	15,264	(188)
Total School Administration	\$1,503,997	\$1,454,110	\$49,887
<u>BUSINESS OFFICE</u>			
Salaries - Professional	85,193	92,350	(7,157)
Salaries - Non-Professional	3,225	5,681	(2,456)
Insurances	45,010	42,105	2,905
Fica, Retirement, Etc.	22,528	22,709	(181)
Purchased Services	8,390	12,374	(3,984)
Supplies and Materials	3,600	3,793	(193)
Capital Outlay	4,500	180	4,320
Other	14,865	11,935	2,930
Total Business Office	\$187,311	\$191,127	(\$3,816)
<u>OPERATION AND MAINTENANCE OF PLANT</u>			
Salaries - Non-Professional	636,743	630,428	6,315
Insurances	187,049	190,086	(3,037)
Fica, Retirement, Etc.	162,957	158,335	4,622
Other Benefits	10,800	11,100	(300)
Purchased Services	253,257	199,035	54,222
Supplies and Materials	739,400	786,432	(47,032)
Capital Outlay	217,658	6,368	211,290
Other	1,800	520	1,280
Total Operation and Maintenance of Plant	\$2,209,664	\$1,982,304	\$227,360

IMLAY CITY COMMUNITY SCHOOLS - IMLAY CITY, MICHIGAN  
GENERAL FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2007

<u>SUPPORT SERVICES (Continued)</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<u>TRANSPORTATION</u>			
Salaries - Professional	\$45,389	\$44,411	\$978
Salaries - Non-Professional	498,027	507,802	(9,775)
Insurances	294,192	300,368	(6,177)
Fica, Retirement, Etc.	143,651	149,549	(5,898)
Other Benefits	6,900	5,100	1,800
Purchased Services	69,611	46,891	22,720
Supplies and Materials	246,540	210,567	35,973
Capital Outlay	62,990	62,990	0
Other	2,402	2,277	125
Total Transportation	\$1,369,702	\$1,329,955	\$39,747
<u>OTHER SUPPORT SERVICES</u>			
Salaries - Professional	4,000	4,000	0
Salaries - Non-Professional	82,869	72,854	10,015
Insurances	15,312	14,005	1,307
Fica, Retirement, Etc.	26,160	17,573	8,587
Other Benefits	5,600	1,200	4,400
Purchased Services	61,650	41,395	20,255
Supplies and Materials	35,000	20,914	14,086
Capital Outlay	25,000	0	25,000
Other	1,000	0	1,000
Total Other Support Services	\$256,591	\$171,941	\$84,650
<u>Total Support Services</u>	<u>\$7,793,853</u>	<u>\$7,245,756</u>	<u>\$548,097</u>
<u>COMMUNITY SERVICES</u>			
Salaries - Non-Professional	35,923	28,227	7,696
Insurances	950	695	255
Fica, Retirement, Etc.	8,031	6,842	1,189
Purchased Services	9,400	9,871	(471)
Supplies and Materials	1,000	148	852
Other	230	38	192
Total Community Services	\$55,534	\$45,821	\$9,713
<u>TOTAL EXPENDITURES</u>	<u>\$18,783,829</u>	<u>\$18,006,207</u>	<u>\$777,622</u>
<u>OTHER FINANCING USES</u>			
Transfer to Other Governmental Units	10,892	538	10,354
Other Transfers	16,141	14,480	1,661
Site Improvements	26,850	26,850	0
Tax Chargebacks	28,703	28,703	0
Loan Payments	340,092	218,123	121,969
Transfers to Other Funds	431,750	552,910	(121,160)
<u>TOTAL OTHER FINANCING USES</u>	<u>\$854,428</u>	<u>\$841,604</u>	<u>\$12,824</u>
<u>TOTAL EXPENDITURES AND OTHER FINANCING USES</u>	<u>\$19,638,257</u>	<u>\$18,847,811</u>	<u>\$790,446</u>

IMLAY CITY COMMUNITY SCHOOLS - IMLAY CITY, MICHIGAN  
 TRUST AND AGENCY FUND  
 SCHEDULE OF RECEIPTS AND DISBURSEMENTS - STUDENT ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2007

Student Activity	Due to (From) Student Groups July 1, 2006	Receipts	Disbursements	Due to (From) Student Groups June 30, 2007
Art	\$856	\$2,215	\$1,778	\$1,293
Athletic Administration	129	8,571	2,686	6,014
Athletic Pop Fund	8,397	12,120	15,574	4,943
Baseball	(9)	9	0	0
Baseball Field	6,726	37,060	43,510	276
Beatrice Presley Reed	1,546	5,513	3,851	3,208
Beverage Consortium	46,806	7,915	12,787	41,934
Borland Art	1,060	57	310	807
Borland BLT	2,048	110	751	1,407
Borland General	23,021	11,824	12,195	22,650
Borland Latchkey	448	3,345	3,243	550
Boys Golf	145	15	0	160
Bus Garage/Transportation	560	1,390	1,824	126
Chester Marcol Scholarship	0	528	0	528
Class of 2005	615	28	643	0
Class of 2006	875	64	0	939
Class of 2007	2,524	1,145	3,669	0
Class of 2008	121	20,181	17,952	2,350
Class of 2009	1,422	2,377	3,110	689
Class of 2010	393	321	229	485
Class of 2011	0	1,184	726	458
Devin Faden Memorial	4,289	241	0	4,530
Drama Club	2,427	1,958	705	3,680
Football	4,860	12,014	15,929	945
French Club	665	455	682	438
Girls Soccer	0	540	261	279
Girls Tennis	61	401	357	105
Girls Track	100	5	43	62
Golf	1,624	937	684	1,877
HS Athletic Program	1,197	2,324	1,942	1,579
HS Band	3,450	12,956	11,599	4,807
HS Cheerleading	1,025	1,090	1,731	384
HS Counseling	1,136	4,197	2,733	2,600
HS Field Trip	382	610	428	564
HS Library	318	267	391	194
HS Pop/Gift Fund	261	1,229	1,175	315
HS Science Club	902	87	0	989
HS Student Council	3,831	4,536	5,674	2,693
HS Yearbook	1,265	35,333	36,169	429
IC Girls Basketball	23	1,325	1,223	125
IC New Field Signs	0	600	600	0
ICCS Alumni Assoc.	4,410	2,241	4,439	2,212
ICCS Choir	5,801	15,485	12,567	8,719
Subtotal	\$135,710	\$214,803	\$224,170	\$126,343



IMLAY CITY COMMUNITY SCHOOLS - IMLAY CITY, MICHIGAN  
TRUST AND AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS - STUDENT ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2007

Student Activity	Due to (From) Student Groups July 1, 2006	Receipts	Disbursements	Due to (From) Student Groups June 30, 2007
In & Out	\$1,326	\$1,844	\$3,170	\$0
Interest	7,731	8,980	16,711	0
Lee Donation Fund	0	1,815	1,815	0
Little League B-Ball	471	1,870	1,564	777
Morgan's Xmas Service	0	5,837	5,837	0
MS Cheerleading	799	3,946	3,483	1,262
MS Class Trip	2,344	34,144	34,608	1,880
MS Enrichment	4,028	2,458	932	5,554
MS General	3,513	11,371	10,337	4,547
MS Girls Softball	272	1,392	1,385	279
MS Language Arts	0	1,396	1,366	30
MS Library	774	2,764	2,468	1,070
MS Pop	2,002	1,261	990	2,273
MS Pride Committee	284	0	284	0
MS Student Council	1,767	9,700	8,539	2,928
MS Student Success	2,015	1,714	2,604	1,125
MS Yearbook	(52)	5,384	4,886	446
NHS	4,393	3,060	3,099	4,354
Pat Buckingham Memorial	20	0	20	0
Quiz Bowl	432	41	0	473
Readiness	415	542	513	444
SADD	771	519	942	348
Ski Club	630	1,339	1,427	542
Spanish Club	399	2,923	3,175	147
Spartan Voice	1,469	141	0	1,610
Sr High General	4,411	4,924	7,414	1,921
Summer Sports Camp	144	14	0	158
Tennis	116	11	0	127
Venture High School	10,167	3,623	3,416	10,374
Volleyball	519	5,054	4,045	1,528
Weston General	5,498	16,525	14,379	7,644
Weston Library	159	67	23	203
Weston Pop	1,893	1,926	0	3,819
Wrestling	3,641	1,108	4,034	715
<b><u>TOTALS</u></b>	<b><u>\$198,061</u></b>	<b><u>\$352,496</u></b>	<b><u>\$367,636</u></b>	<b><u>\$182,921</u></b>

IMLAY CITY COMMUNITY SCHOOLS - IMLAY CITY, MICHIGAN  
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS  
AS OF JUNE 30, 2007

1998 DURANT RESOLUTION PACKAGE BONDS

DATE OF ISSUE - November 24, 1998

Original amount of issue - \$325,344

	INTEREST REQUIREMENT	INTEREST RATE	PRINCIPAL REQUIREMENT	TOTAL REQUIREMENT
<u>PAYMENT DATE - MAY 15TH</u>				
2008	\$0	4.761353%	\$0	\$0
2009	4,741	4.761353%	18,106	22,847
2010	42,000	4.761353%	111,503	153,503
2011	2,976	4.761353%	19,871	22,847
2012	2,029	4.761353%	20,816	22,845
2013	1,038	4.761353%	21,807	22,845
<u>TOTAL</u>	<u>\$52,784</u>		<u>\$192,103</u>	<u>\$244,887</u>

ENERGY CONSERVATION IMPROVEMENT BONDS

DATE OF ISSUE - June 24, 1999

Original amount of issue - \$985,000

<u>PAYMENT DATE</u>	INTEREST AMOUNT NOVEMBER 1	INTEREST AMOUNT MAY 1	RATE	PRINCIPAL REQUIREMENT	TOTAL REQUIREMENT
2007-2008	\$5,524	\$5,524	4.650%	\$115,000	\$126,048
2008-2009	2,850	2,850	4.750%	120,000	125,700
<u>TOTAL</u>	<u>\$8,374</u>	<u>\$8,374</u>		<u>\$235,000</u>	<u>\$251,748</u>

IMLAY CITY COMMUNITY SCHOOLS - IMLAY CITY, MICHIGAN  
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS  
AS OF JUNE 30, 2007

2003 GENERAL OBLIGATION BUILDING & SITE BONDS

DATE OF ISSUE - September 1, 2003

Original amount of issue - \$7,635,000

<u>PAYMENT DATE</u>	<u>INTEREST AMOUNT NOVEMBER 1</u>	<u>INTEREST AMOUNT MAY 1</u>	<u>RATE</u>	<u>PRINCIPAL REQUIREMENT</u>	<u>TOTAL REQUIREMENT</u>
2007-2008	\$26,127	\$26,128	3.000%	\$160,000	\$212,255
2008-2009	23,728	23,727	3.000%	165,000	212,455
2009-2010	21,252	21,253	3.500%	170,000	212,505
2010-2011	18,278	18,277	3.550%	180,000	216,555
2011-2012	15,083	15,082	3.650%	185,000	215,165
2012-2013	11,706	11,706	3.750%	195,000	218,412
2013-2014	8,050	8,050	3.850%	200,000	216,100
2014-2015	4,200	4,200	4.000%	210,000	218,400
<u>TOTAL</u>	<u>\$128,424</u>	<u>\$128,423</u>		<u>\$1,465,000</u>	<u>\$1,721,847</u>

2006 REFUNDING BONDS

DATE OF ISSUE - March 8, 2006

Original amount of issue - \$22,125,000

<u>PAYMENT DATE</u>	<u>INTEREST AMOUNT NOVEMBER 1</u>	<u>INTEREST AMOUNT MAY 1</u>	<u>RATE</u>	<u>PRINCIPAL REQUIREMENT</u>	<u>TOTAL REQUIREMENT</u>
2007-2008	\$498,094	\$498,094	3.75%	\$760,000	\$1,756,188
2008-2009	483,844	483,844	3.75%	855,000	1,822,688
2009-2010	467,812	467,813	3.75%	960,000	1,895,625
2010-2011	449,813	449,812	3.75%	1,065,000	1,964,625
2011-2012	429,844	429,844	5.00%	1,185,000	2,044,688
2012-2013	400,218	400,219	5.00%	1,320,000	2,120,437
2013-2014	367,219	367,218	5.00%	1,470,000	2,204,437
2014-2015	330,469	330,469	4.75%	1,625,000	2,285,938
2015-2016	291,875	291,875	5.00%	1,790,000	2,373,750
2016-2017	247,125	247,125	5.00%	1,890,000	2,384,250
2017-2018	199,875	199,875	5.00%	1,990,000	2,389,750
2018-2019	150,125	150,125	4.25%	2,080,000	2,380,250
2019-2020	105,925	105,925	4.75%	2,175,000	2,386,850
2020-2021	54,269	54,269	4.75%	2,285,000	2,393,538
<u>TOTAL</u>	<u>\$4,476,507</u>	<u>\$4,476,507</u>		<u>\$21,450,000</u>	<u>\$30,403,014</u>

IMLAY CITY COMMUNITY SCHOOLS - IMLAY CITY, MICHIGAN  
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS  
AS OF JUNE 30, 2007

2007 GENERAL OBLIGATION REFUNDING BONDS

DATE OF ISSUE - May 9, 2007

Original amount of issue - \$5,835,000

<u>PAYMENT DATE</u>	<u>INTEREST AMOUNT NOVEMBER 1</u>	<u>INTEREST AMOUNT MAY 1</u>	<u>RATE</u>	<u>PRINCIPAL REQUIREMENT</u>	<u>TOTAL REQUIREMENT</u>
2007-2008	\$115,380	\$120,746	4.000%	\$10,000	\$246,126
2008-2009	120,546	120,546	4.000%	10,000	251,092
2009-2010	120,346	120,346	4.000%	10,000	250,692
2010-2011	120,146	120,146	4.000%	10,000	250,292
2011-2012	119,946	119,946	4.000%	10,000	249,892
2012-2013	119,746	119,746	4.000%	10,000	249,492
2013-2014	119,546	119,546	4.000%	10,000	249,092
2014-2015	119,346	119,346	4.000%	10,000	248,692
2015-2016	119,146	119,146	5.000%	235,000	473,292
2016-2017	113,271	113,271	5.000%	245,000	471,542
2017-2018	107,146	107,146	4.000%	260,000	474,292
2018-2019	101,946	101,946	4.000%	265,000	468,892
2019-2020	96,646	96,646	4.000%	280,000	473,292
2020-2021	91,046	91,046	4.000%	290,000	472,092
2021-2022	85,246	85,246	4.000%	305,000	475,492
2022-2023	79,146	79,146	4.000%	320,000	478,292
2023-2024	72,746	72,746	4.000%	330,000	475,492
2024-2025	66,146	66,146	4.000%	345,000	477,292
2025-2026	59,246	59,246	4.000%	360,000	478,492
2026-2027	52,046	52,046	4.100%	375,000	479,092
2027-2028	44,359	44,359	4.100%	395,000	483,718
2028-2029	36,261	36,261	4.130%	410,000	482,522
2030-2031	27,805	27,805	4.150%	430,000	485,610
2031-2032	18,883	18,883	4.150%	445,000	482,766
2032-2033	9,649	9,649	4.150%	465,000	484,298
<u>TOTAL</u>	<u>\$2,135,736</u>	<u>\$2,141,102</u>		<u>\$5,835,000</u>	<u>\$10,111,838</u>

IMLAY CITY COMMUNITY SCHOOLS

IMLAY CITY, MICHIGAN

FEDERAL AWARDS  
SUPPLEMENTAL INFORMATION

FOR THE YEAR ENDED JUNE 30, 2007

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October 12, 2007

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Education of  
Imlay City Community Schools

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Imlay City Community Schools, as of and for the year ended June 30, 2007, which collectively comprise the Imlay City Community Schools' basic financial statements and have issued our report thereon dated October 12, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Imlay City Community Schools' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Imlay City Community Schools' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Imlay City Community Schools' internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Imlay City Community Schools' ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Imlay City Community Schools' financial statements that is more than inconsequential will not be prevented or detected by the Imlay City Community Schools' internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Imlay City Community Schools' internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Imlay City Community Schools' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



Imlay City Community Schools  
Page 2  
October 12, 2007

This report is intended solely for the information and use of management, the finance committee, Board of Education, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

LEWIS & KNOPF, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS





*Lewis & Knopf, CPAs, P.C.*

Serving You with Trust and Integrity

October 12, 2007

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH OMB CIRCULAR A-133**

To the Board of Education of  
Imlay City Community Schools

Compliance

We have audited the compliance of Imlay City Community Schools with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. Imlay City Community Schools' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Imlay City Community Schools' management. Our responsibility is to express an opinion on Imlay City Community Schools' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Imlay City Community Schools' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Imlay City Community Schools' compliance with those requirements.

In our opinion, Imlay City Community Schools complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of Imlay City Community Schools is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Imlay City Community Schools' internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Imlay City Community Schools' internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.



Imlay City Community Schools

Page 2

October 12, 2007

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Imlay City Community Schools, as of and for the year ended June 30, 2007, and have issued our report thereon dated October 12, 2007. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Imlay City Community Schools' basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the finance committee, management, Board of Education, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

LEWIS & KNOPF, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS

IMLAY CITY COMMUNITY SCHOOLS - IMLAY CITY, MICHIGAN  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2007

FEDERAL GRANTOR/PASS-THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS- THROUGH PROJECT NUMBER	PROGRAM OR AWARD AMOUNT
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Passed Through Michigan Department of Education:			
Title I Grants to Local Educational Agencies	84.010		
ESEA Title I - Regular (06-07)		71530-0607	\$224,806
ESEA Title I - Regular (05-06)		61530-0506	220,689
Total Title I Grants to Local Educational Agencies			<u>\$445,495</u>
Migrant Education	84.011		
Migrant Education - Regular (05-06)		61890-0506	111,528
Migrant Education - Regular (06-07)		71890-0607	128,866
Migrant Education - Summer Formula (06-07)		61830-2006	95,952
Total Migrant Education			<u>\$336,346</u>
Special Education - Grants to States	84.027		
Service Provider Self-Review Implementation		60440-SPSR	1,790
Innovative Education Programs	84.298		
Title V (06-07)		70250-0607	1,996
Technology Literacy Grants	84.318		
Technology Literacy Grants (06-07)		74290-0607	2,308
English Language Acquisition Grants	84.365A		
Limited English Proficient (06-07)		70580-0607	37,923
Limited English Proficient (05-06)		60580-0506	30,813
Total English Language Acquisition Grants			<u>\$68,736</u>
Title IIA	84.367		
Improving Teacher Quality (06-07)		70520-0607	84,258
Improving Teacher Quality (05-06)		60520-0506	84,823
Total Title IIA			<u>\$169,081</u>
Hurricane Katrina Grant	84.938	64120-1	151
Total Passed Through the Michigan Department of Education			<u>\$1,025,903</u>
Passed Through Lapeer Intermediate School District:			
Special Education - Grants to States	84.027		
IDEA Flow Through (05-06)		60450-0506	153,352
IDEA Flow Through (06-07)		70450-0607	155,022
Total Special Education - Grants to States			<u>\$308,374</u>
Special Education - Preschool Grants	84.173		
IDEA Preschool (06-07)		60460-0607	13,574
Total Passed Through Lapeer Intermediate School District			<u>\$321,948</u>

ACCRUED (DEFERRED) REVENUE JULY 1, 2006	PRIOR YEAR EXPENDITURES	CURRENT YEAR EXPENDITURES	ADJUSTMENTS PRIOR YEARS	CURRENT YEAR CASH/ PAYMENTS IN KIND RECEIVED	ACCRUED (DEFERRED) REVENUE JUNE 30, 2007
\$0	\$0	\$224,806	\$0	\$174,950	\$49,856
8,894	220,689	0	0	8,894	0
<u>\$8,894</u>	<u>\$220,689</u>	<u>\$224,806</u>	<u>\$0</u>	<u>\$183,844</u>	<u>\$49,856</u>
5,228	111,528	0	0	5,228	0
0	0	128,866	0	98,650	30,216
0	0	95,952	0	95,952	0
<u>\$5,228</u>	<u>\$111,528</u>	<u>\$224,818</u>	<u>\$0</u>	<u>\$199,830</u>	<u>\$30,216</u>
1,790	1,790	0	0	1,790	0
0	0	1,996	0	1,996	0
0	0	1,690	0	1,650	40
0	0	36,289	0	28,650	7,639
10,113	30,813	0	0	10,113	0
<u>\$10,113</u>	<u>\$30,813</u>	<u>\$36,289</u>	<u>\$0</u>	<u>\$38,763</u>	<u>\$7,639</u>
0	0	84,258	0	57,800	26,458
11,065	83,765	1,057	0	11,065	1,057
<u>\$11,065</u>	<u>\$83,765</u>	<u>\$85,315</u>	<u>\$0</u>	<u>\$68,865</u>	<u>\$27,515</u>
0	0	151	0	151	0
<u>\$37,090</u>	<u>\$448,585</u>	<u>\$575,065</u>	<u>\$0</u>	<u>\$496,889</u>	<u>\$115,266</u>
39,753	153,352	0	0	39,753	0
0	0	155,022	0	150,636	4,386
<u>\$39,753</u>	<u>\$153,352</u>	<u>\$155,022</u>	<u>\$0</u>	<u>\$190,389</u>	<u>\$4,386</u>
0	0	13,574	0	13,574	0
<u>\$39,753</u>	<u>\$153,352</u>	<u>\$168,596</u>	<u>\$0</u>	<u>\$203,963</u>	<u>\$4,386</u>

IMLAY CITY COMMUNITY SCHOOLS - IMLAY CITY, MICHIGAN  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2007

FEDERAL GRANTOR/PASS-THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS- THROUGH PROJECT NUMBER	PROGRAM OR AWARD AMOUNT
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Passed Through Genesee Intermediate School District:			
Safe & Drug Free Schools	84.186		
Drug Free Schools (06-07)		72860-0506	\$2,600
<u>TOTAL U.S. DEPARTMENT OF EDUCATION</u>			\$1,350,451
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Passed Through Michigan Department of Education:			
Food Distribution	10.550		
Entitlement Commodities		N/A	46,065
Bonus Commodities		N/A	8,389
Total Commodities			\$54,454
School Breakfast Program	10.553	N/A	98,840
National School Lunch Program	10.553	N/A	333,968
Summer Food Service Program	10.559	N/A	15,805
<u>TOTAL U.S. DEPARTMENT OF AGRICULTURE</u>			\$503,067
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Passed Through Lapeer Intermediate School District			
Medical Assistance Program Title XIX	93.778		
Medicaid Outreach (06-07)		N/A	16,193
Passed Through Northeast Michigan Community Services Agency, Inc. (NEMCSA)			
Head Start (06-07)	93.600	N/A	12,661
<u>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			\$28,854
<u>TOTAL FEDERAL AWARDS</u>			\$1,882,372

ACCRUED (DEFERRED) REVENUE JULY 1, 2006	PRIOR YEAR EXPENDITURES	CURRENT YEAR EXPENDITURES	ADJUSTMENTS PRIOR YEARS	CURRENT YEAR CASH/ PAYMENTS IN KIND RECEIVED	ACCRUED (DEFERRED) REVENUE JUNE 30, 2007
\$0	\$0	\$2,600	\$0	\$0	\$2,600
\$76,843	\$601,937	\$746,261	\$0	\$700,852	\$122,252
0	0	46,065	0	46,065	0
0	0	8,389	0	8,389	0
\$0	\$0	\$54,454	\$0	\$54,454	\$0
0	0	98,840	0	98,840	0
0	0	333,968	0	333,968	0
0	0	15,805	0	15,805	0
\$0	\$0	\$503,067	\$0	\$503,067	\$0
0	0	16,193	0	16,193	0
0	0	12,661	0	12,661	0
\$0	\$0	\$28,854	\$0	\$28,854	\$0
\$76,843	\$601,937	\$1,278,182	\$0	\$1,232,773	\$122,252

IMLAY CITY COMMUNITY SCHOOLS - IMLAY CITY, MICHIGAN  
NOTES/RECONCILIATION TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2007

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FEDERAL REVENUE RECOGNIZED FOR SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS

\$1,278,182

FEDERAL REVENUE RECOGNIZED PER THE GENERAL  
PURPOSE FINANCIAL STATEMENTS PURPOSE

General Fund

\$762,454

School Service Fund

515,728

TOTAL

\$1,278,182

- 1) The Schedule of Expenditures of Federal Awards had been prepared under the modified accrual basis of accounting.
- 2) Management has utilized the Grants Section Auditors Report (Form R7120) in preparing the Schedule of Expenditures of Federal Awards. All differences between the Schedule of Expenditures of Federal Awards and the Form R7120 have been reconciled in the attached reconciliation on page 8 of this report.
- 3) As of the date of completion of fieldwork, the Schedule of Transfers to Sub-Recipients from the Intermediate School Districts was not available. The amounts shown on the Schedule of Federal Financial Assistance as flow through from the Intermediate School Districts may not be conclusive.

IMLAY CITY COMMUNITY SCHOOLS - IMLAY CITY, MICHIGAN  
RECONCILIATION OF FORM R 7120 "GRANT SECTION AUDITOR'S REPORT"  
TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2007

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Current Payments Per the Grant Section Auditor's Report (Form R 7120)		\$898,041
Current Payments Per the Grant Section Auditor's Report Cash Management System		
Add: Title I (CFDA 84.010)	\$47,150	
Add: Improving Teacher Quality (84.367)	13,150	
Total		60,300
<u>Less:</u> State Funded Grants		
State Breakfast Programs		(12,839)
<u>Add:</u> Passed Through Lapeer Intermediate School District:		
Special Education (CFDA 84.027)	\$190,389	
IDEA Preschool (CFDA 84.173)	13,574	
Medical Assistance Program Title XIX (CFDA 93.778)	16,193	
Total Passed Through Lapeer Intermediate School District		220,156
Passed Through NEMCSA		
Head Start (CFDA 93.600)		12,661
Entitlement and Bonus Commodities (CFDA 10.550)		54,454
<u>TOTAL CURRENT YEAR RECEIPTS PER SCHEDULE OF EXPENDITURES</u> <u>OF FEDERAL AWARDS</u>		<u>\$1,232,773</u>



IMLAY CITY COMMUNITY SCHOOLS- IMLAY CITY, MICHIGAN  
SUMMARY OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2007

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**SECTION I – SUMMARY OF AUDITOR’S RESULTS**

**Financial Statements**

Type of auditor’s report issued:

Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(s) identified that are not considered to be material weaknesses? ☐ Yes ☒ None reported

Noncompliance material to financial statements noted?

☐ Yes ☒ No

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(s) identified that are not considered to be material weaknesses? ☐ Yes ☒ None reported

Type of auditor’s report issued on compliance for major programs:

Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?

☐ Yes ☒ No

Identification of major programs:

CFDA Number(s)  
10.553/10.555

Name of Federal Program or Cluster  
Nutrition Cluster

Dollar threshold use to distinguish between type A and type B programs:

\$ 300,000.00

Auditee qualified as low-risk auditee?

☒ Yes ☐ No

**SECTION II – FINANCIAL STATEMENT FINDINGS**

There were no current year findings.

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

There were no current year findings.

**STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS**

There were no prior year findings.